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USSR:

Situation Report

The Communist Party is preparing to break with Communism amid reports that a national opposition party is forming. []

**Radical Communist
Party Program Near
Completion**

A draft Communist Party program that formally breaks with traditionalist dogma is near completion, according to Western media sources; Soviet press reports also indicate the draft will be highly unorthodox. The document reportedly condemns the party's "blunders and miscalculations" since the 1930s, embraces political pluralism, and endorses a "rapid but orderly" transition to the market. Gorbachev [] has told hardliners that the program will not include their ideas and that they must either support it or leave the party. []

Comment: The draft program is one of many issues that threaten to split the deeply divided party; many leaders believe it is already near breakup. Gorbachev's efforts, however, suggest he is not yet ready to write the party off and is prepared to see hardliners leave it rather than obstruct its transformation. The market reforms the program endorses would go no further than a mixed economy with a large state sector and tight regulation of ownership; even the most reformist party members do not advocate a Western-style free market. A party conference or a full-fledged congress will be needed to approve the program and may convene by yearend. []

**New National
Democratic Party
Imminent**

Presidential adviser Yakovlev and Shevardnadze have been meeting with prominent moderate democrats for the past week to organize the first national democratic party; [] an announcement is imminent. Although reformers expect the two men to leave the Communist Party to form this new one, Yakovlev yesterday denied he will do so. Radical Democratic Russia leader Yuriy Afanasyev recently spoke positively of such a party, but [] another Democratic Russia reformer told [] on Tuesday that plans for a new party were premature. He said such a move would divide the democratic movement, would probably not lead to a mass exodus from the Communist Party, and should be reconsidered. []

Comment: The democratic movement is in a state of political and programmatic flux; nonetheless, plans for a new opposition party show the democrats' increasing organizational strength. Although Yel'tsin probably will not join any party, he has called for a strong

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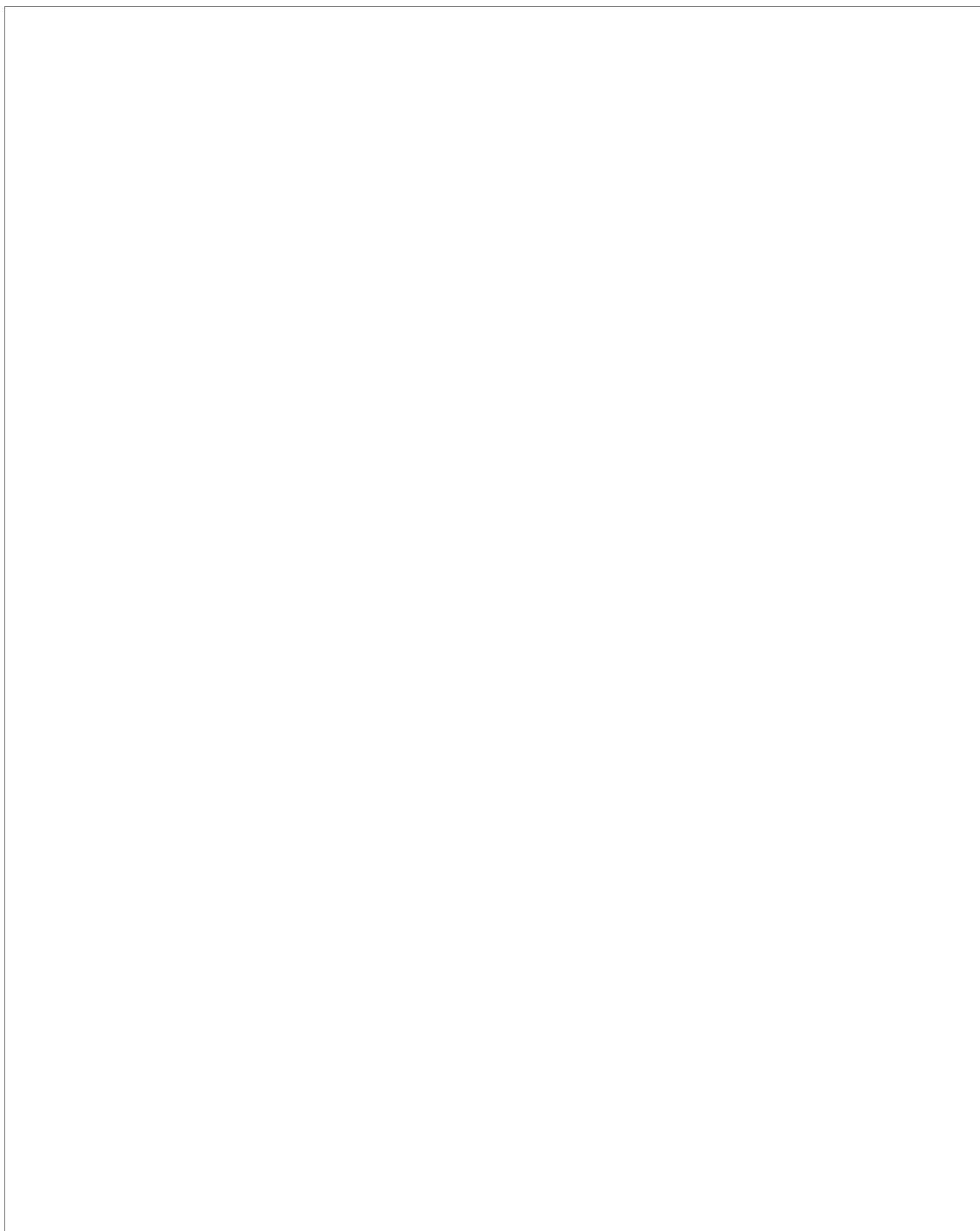


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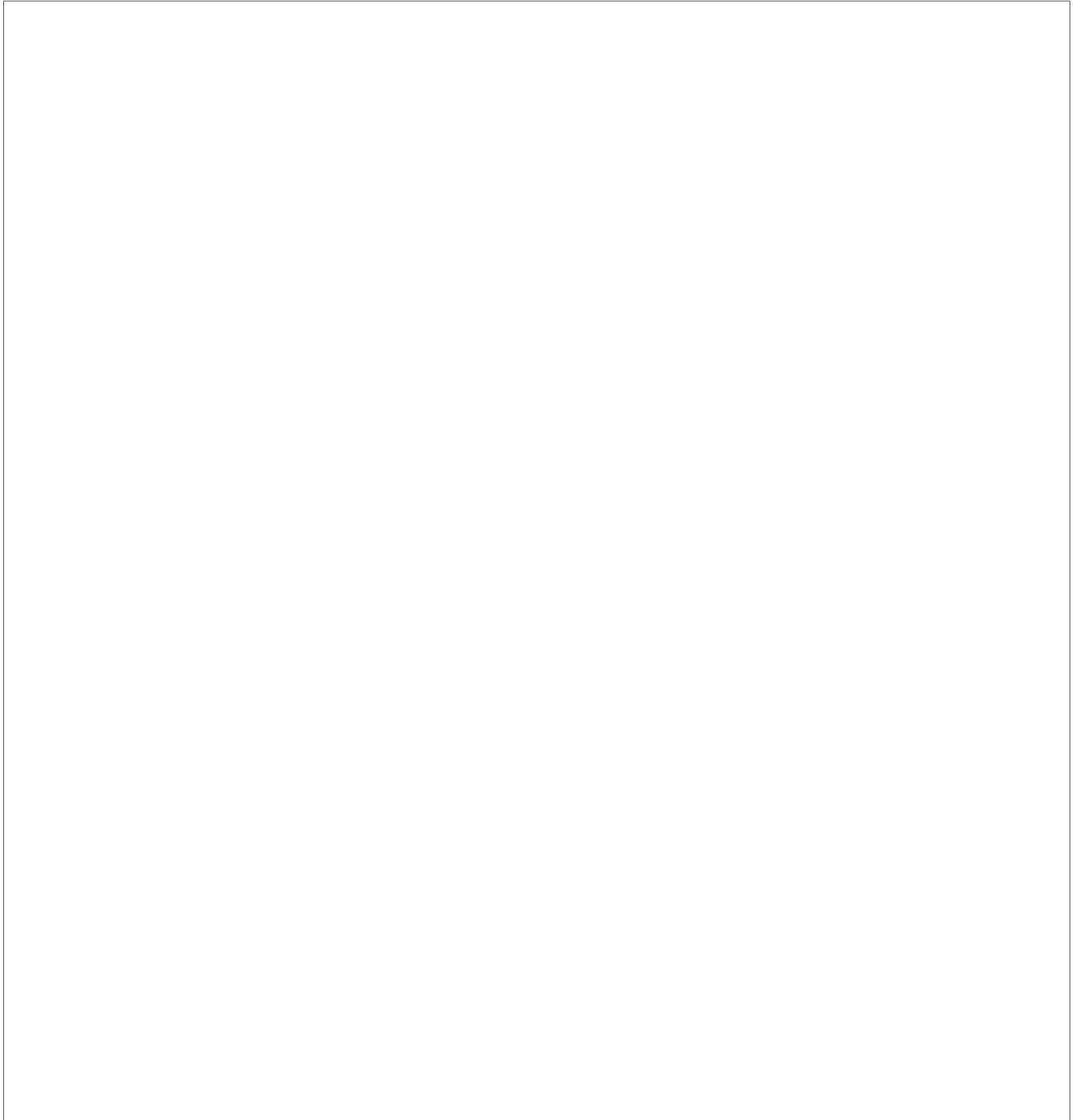


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In Brief

Asia

- **Thailand's** civilian cabinet, military have compromised on crucial \$4 billion telephone project . . . removes major source of friction threatening Prime Minister Anan's government . . .

USSR

- Russian Republic has announced end of sales tax on various household, consumer necessities . . . revenue loss of several billion rubles will increase republic's, **USSR's** budget problems.
- Azerbaijan Supreme Soviet on Wednesday voted to hold direct presidential election 8 September . . . Communist regime probably will try to ensure victory by President Mutalibov . . . effort to strengthen hold on power, gain prestige, legitimacy.

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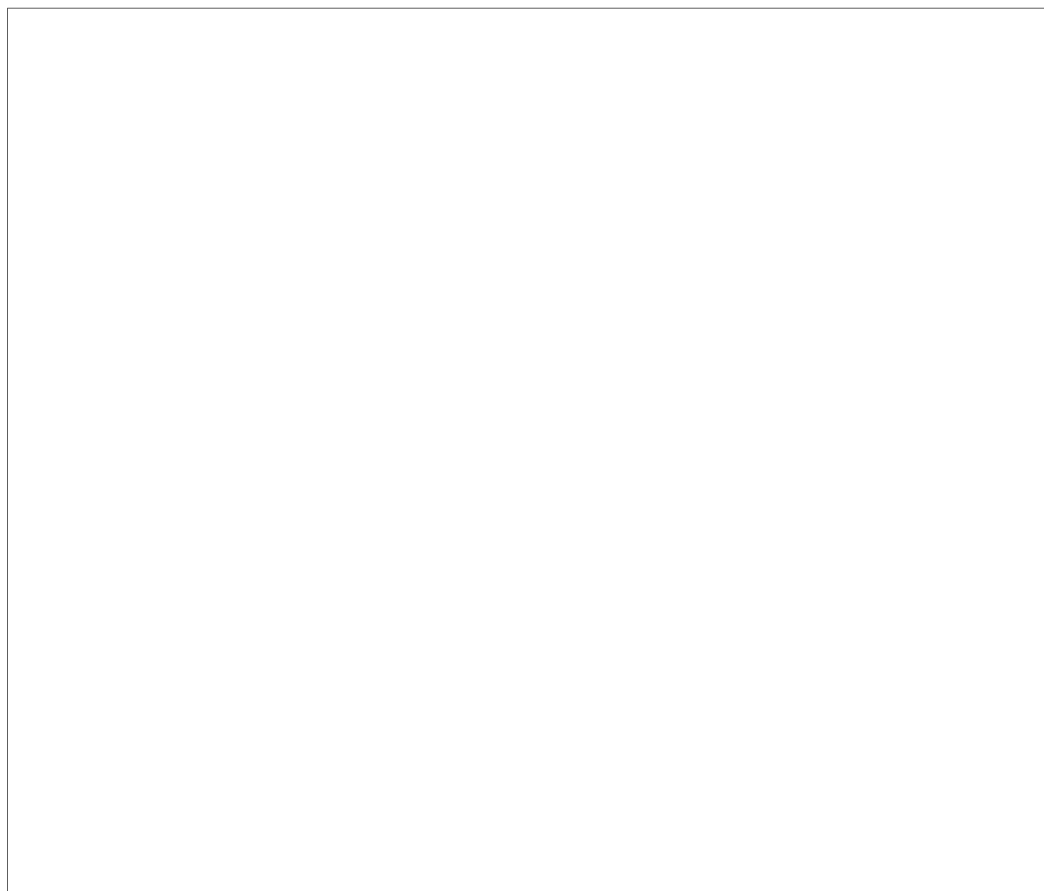
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~~Top Secret~~**EGYPT: Press Criticizes US on Israel**

Egypt's semiofficial press is shifting from criticizing Israel for being intransigent on the peace process to accusing the US of not using its influence with Tel Aviv; one harshly worded editorial last week even urged a review of Egyptian-US relations. In addition, [redacted]

[redacted] daily articles claim Washington is speaking with two voices on arms control, referring to a perceived contradiction between President Bush's regional arms control initiative and its failure to include Israel's nuclear arsenal. Other articles have attacked continued US military assistance to Tel Aviv. [redacted]

Comment: Cairo almost certainly agrees with the press criticism, is frustrated by Israeli intransigence on the peace process, and undoubtedly believes Washington can be firmer with Tel Aviv. The press attacks also help cushion Egypt's leaders from domestic and regional criticism that they are too close to the US. [redacted]

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opposition party and almost certainly will actively support it and Democratic Russia. Yakovlev may still be hoping Gorbachev can get the Communists to adopt the new program, but he is pessimistic and may be preparing to leave despite his claim. []

Mixed Picture on Center-Baltic Relations

Soviet Interior Ministry special-purpose forces attacked a Latvian and a Lithuanian customs post on Wednesday. Estonian President Ruutel met with Gorbachev to discuss the union treaty and the status of Estonia-center talks; a new round of talks was held yesterday. Tallinn proposed eventual withdrawal of Soviet forces from the republic and formation of Estonian defense forces, but reportedly no progress was made. The next meeting is set for 6 August. On Wednesday the Estonian finance minister signed a preliminary protocol with USSR Finance Minister Orlov regularizing Estonia's participation in all-union programs, and yesterday Estonian Prime Minister Savisaar met with USSR Prime Minister Pavlov for the second time in two weeks. []

Comment: While equally committed to independence, Estonia has taken a more moderate approach than the other two Baltic republics toward the center and the presence of Soviet troops. The center has likewise pursued a differentiated policy and may be rewarding Estonia with access to prominent officials; no real negotiations on independence have taken place. []

Ukrainian Customs Service Established

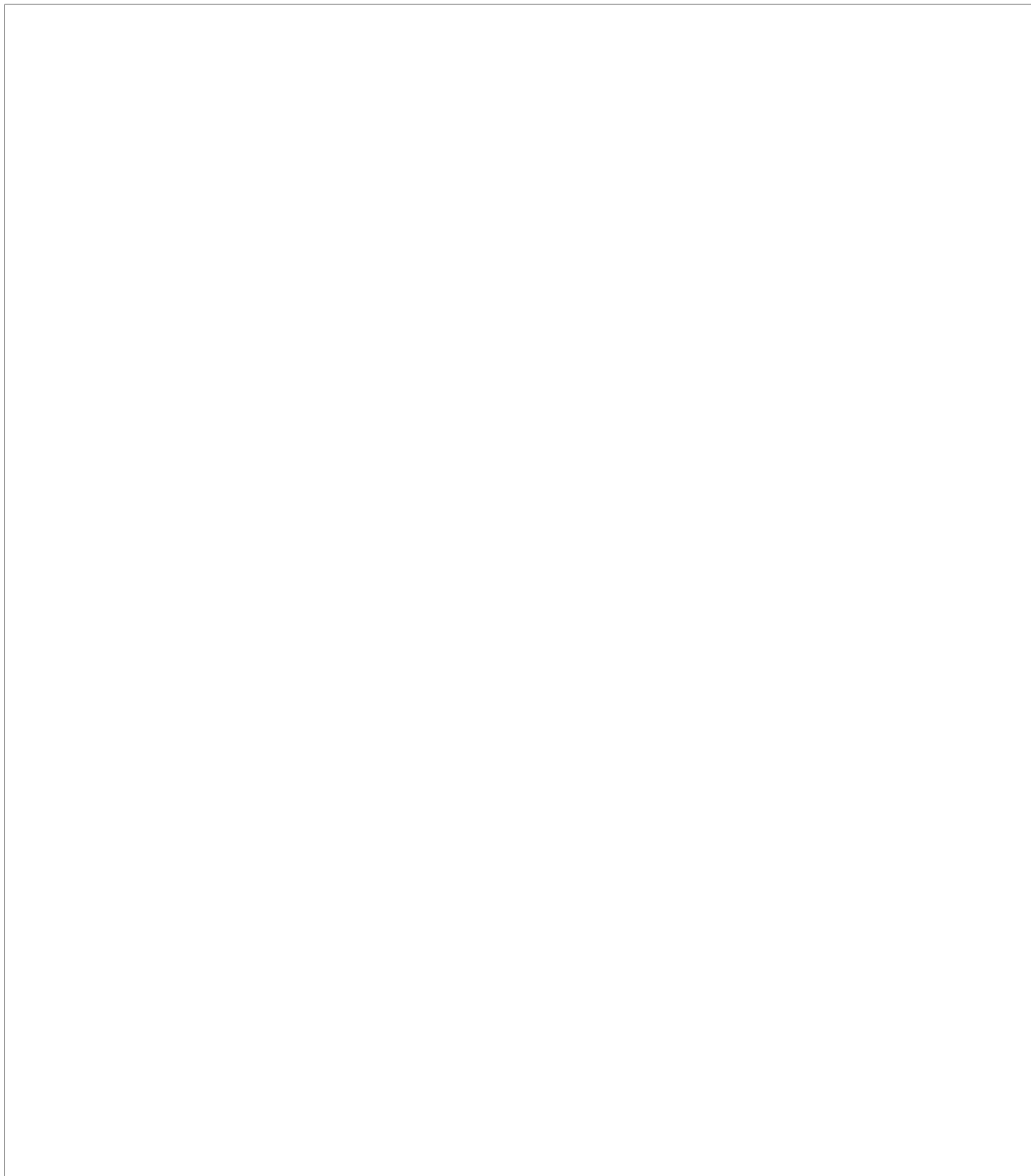
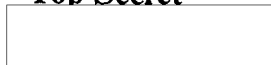
The Ukrainian Supreme Soviet announced on Tuesday that it was establishing a customs service. The service [] will stop illegal border traffic in narcotics and armaments, protect cultural and historical treasures as well as intellectual property, and cooperate in fighting international terrorism. []

Comment: Although the wording of the law indicates the Ukrainians will not immediately challenge the center by regulating interrepublic trade, they have given notice that they will control their own borders. []

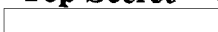
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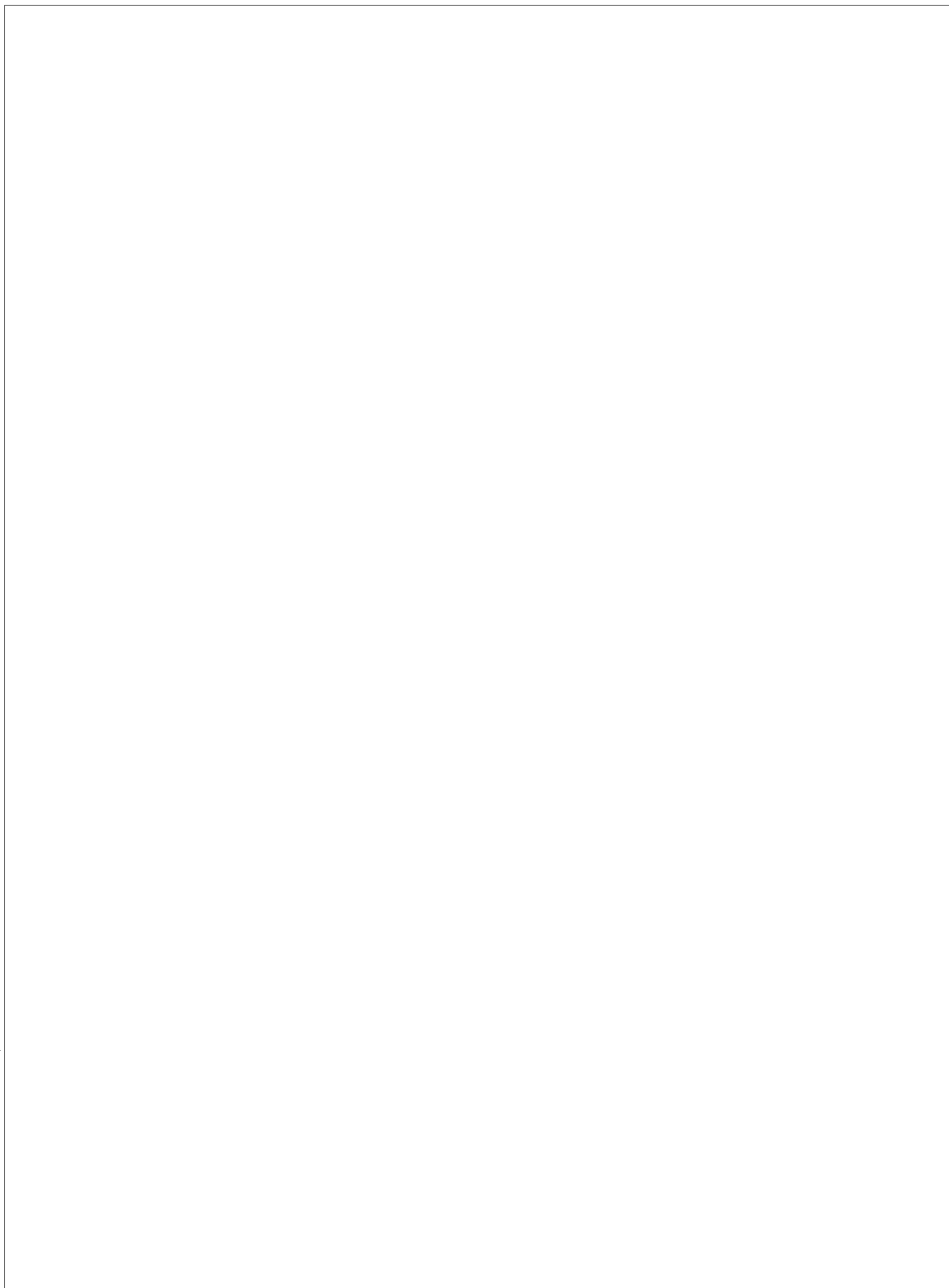


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USSR:

Text of Draft Union Treaty Published

Some republics have approved the new draft union treaty, but its text contains significant ambiguities that, if unaddressed, will jeopardize Russian and Ukrainian endorsement and lead to major confrontations over the division of powers. [redacted]

The current text provides more details than the March version but resolves only secondary issues. It further defines powers for a bicameral legislature where each republic would have equal representation in one house and population would determine membership in the other. The president will be directly elected, must gain approval of more than half the participating voters, and must win a majority of republics. The text specifies three types of jurisdiction—union, republic, and joint. It provides joint control over the military, foreign policy, defense industries, and other sectors but eliminates the Federation Council and does not specify how the republics will participate in policy formulation. In addition, it says union armed forces can be used within the country only in a declared state of emergency. [redacted]

Comment: The draft preserves a strong central government but gives the republics a larger policymaking role. With the elimination of the Federal Council, however, it is unclear how the republics will exercise that role; the president may end up with more say in daily affairs. Legislative voting procedures and rules for presidential elections will prevent Russia from dominating the smaller republics. [redacted]

The treaty process is moving toward a critical test with the Russian and the Ukrainian legislatures over taxation and the representation of the autonomous republics, and the current draft still resembles previous versions despite criticism from Yel'tsin and Ukrainian President Kravchuk. Traditionalists probably oppose the new limitations on the use of the armed forces to quell domestic unrest and will try to derail the treaty at a special session of the Congress of People's Deputies in August. [redacted]

The center and the republics probably want a union framework to prevent the USSR from disintegrating. Yel'tsin probably judges that republic economic sovereignty delineated in the draft is significant but is likely to insist that the republics have the sole taxing authority. With delays likely, Gorbachev probably fears final agreement may not occur until next year. [redacted]

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Susan

Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Friday, 28 June 1991

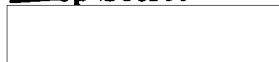


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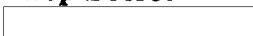
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**Warnings From
European
Governments**

Western European Union ministers yesterday recommended that the EC call a CSCE meeting under the new Emergency Meeting Mechanism, an option that will be considered at the EC summit today. Yesterday Germany's Christian Democratic Union urged the EC to suspend aid to Yugoslavia if the federal government sends troops into action. [redacted]

Comment: The EC is likely to call for a meeting of all 35 CSCE members in Prague under the Mechanism, a procedure that requires the support of 13 states. Any CSCE action—such as third-party mediation—would require consensus. If serious fighting continues, the Community may consider suspending its recently signed \$1 billion, five-year aid package for Yugoslavia. [redacted]

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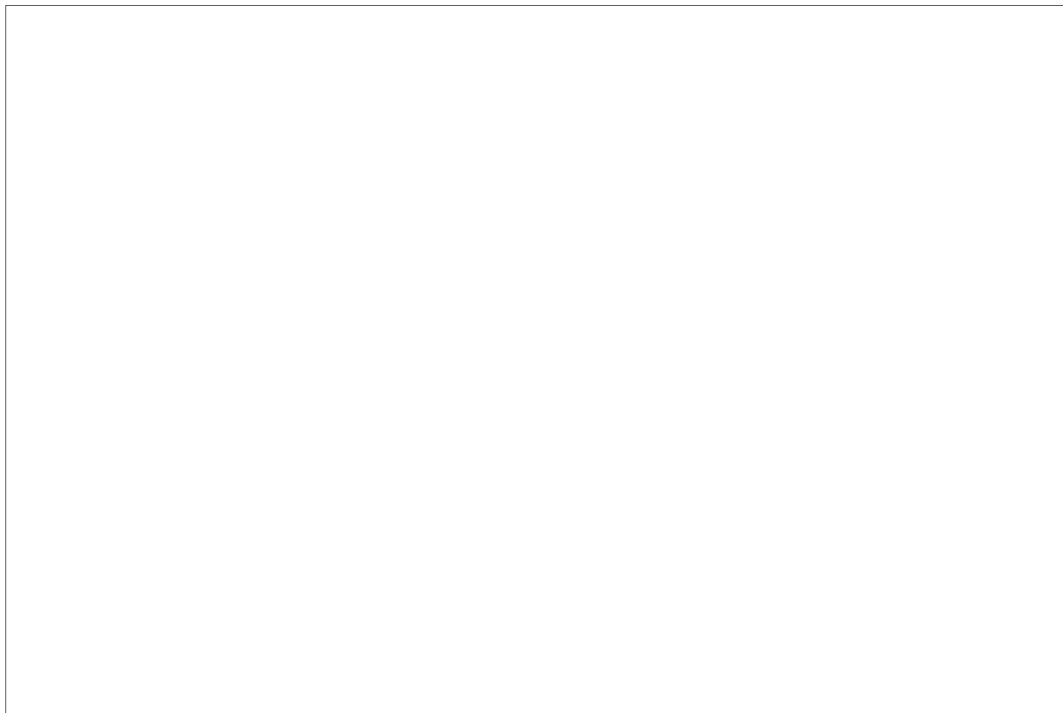
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~~Top Secret~~**ALGERIA: Fundamentalist Split May Presage Crackdown**

Divisions within the Islamic Salvation Front's leadership have widened as antigovernment violence in Algeria has grown. Two members of the Front's Consultative Council were fired yesterday for publicly calling Front President Abassi Madani a danger to the Islamic movement, according to press reports. Military forces have surrounded potential trouble spots, and the government issued a communique late Wednesday warning fundamentalists not to incite trouble during Friday prayers. Violence erupted earlier this week after the military ordered that symbols of the Algerian Government replace Islamic ones on municipal buildings.

Comment: The split in the fundamentalists' leadership is likely to limit their ability to control events on the street, a development that might encourage violence and give the government further excuse to crack down on Islamic extremists. The Army's heavyhandedness on the return of secular symbols such as the Algerian flag to government buildings suggests its control over government policy is increasing.

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~~Top Secret~~**YUGOSLAVIA:****Situation Report**

Federal Army efforts to seize border crossings in Slovenia yesterday provoked sharp clashes with republic paramilitary forces, while efforts to restart republic-federal talks made no progress. [redacted]

Conflict Intensifying

Slovenia yesterday lost control of most of about 20 international border crossings, but their forces resisted continuing federal pressure, according to witnesses. They claim at least 15 federal tanks and six helicopters were destroyed yesterday and 100 people were injured or killed, including civilians in towns attacked by federal forces. The Slovenian defense minister late yesterday said "Slovenia is at war." Low-level violence continued in Croatia [redacted]

Comment: The Army so far has focused on securing border crossings in Slovenia, but reported fighting at the Ljubljana airport may indicate it is broadening its objectives. The deployment in Croatia suggests the Army is preparing to secure border crossings with Hungary or to intervene if interethnic violence there resurges. [redacted]

Talks Stalled

Federal Prime Minister Markovic yesterday proposed that Slovenia and Croatia roll back for three months all this week's moves toward independence in exchange for a cease-fire. Slovenian leaders said they would not negotiate until Army operations cease. [redacted]

Comment: Slovenian officials show no sign of revoking the declaration of independence. Federal military leaders probably will reject any proposal that would leave Slovenia in control of border crossings and strengthen its case for international recognition. If the Army captures all border crossings, however, a de facto cease-fire may emerge, allowing a breathing space for talks. [redacted]

Serbian Offensive

The pro-Serbian bloc yesterday held a rump session of the federal Presidency and invited the Army to submit plans for martial law. The Serb enclaves in Croatia and Bosnia-Herzegovina united yesterday, and the Serbian Republic legislature moved closer to annexing them. [redacted]

Comment: Serbian strongman Milosevic appears to be trying again to seize control of the Presidency, which formally commands the Army. The moves by the Serb enclaves will be opposed by local Croats and Muslims and may spread ethnic violence into Bosnia-Herzegovina. [redacted]

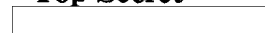
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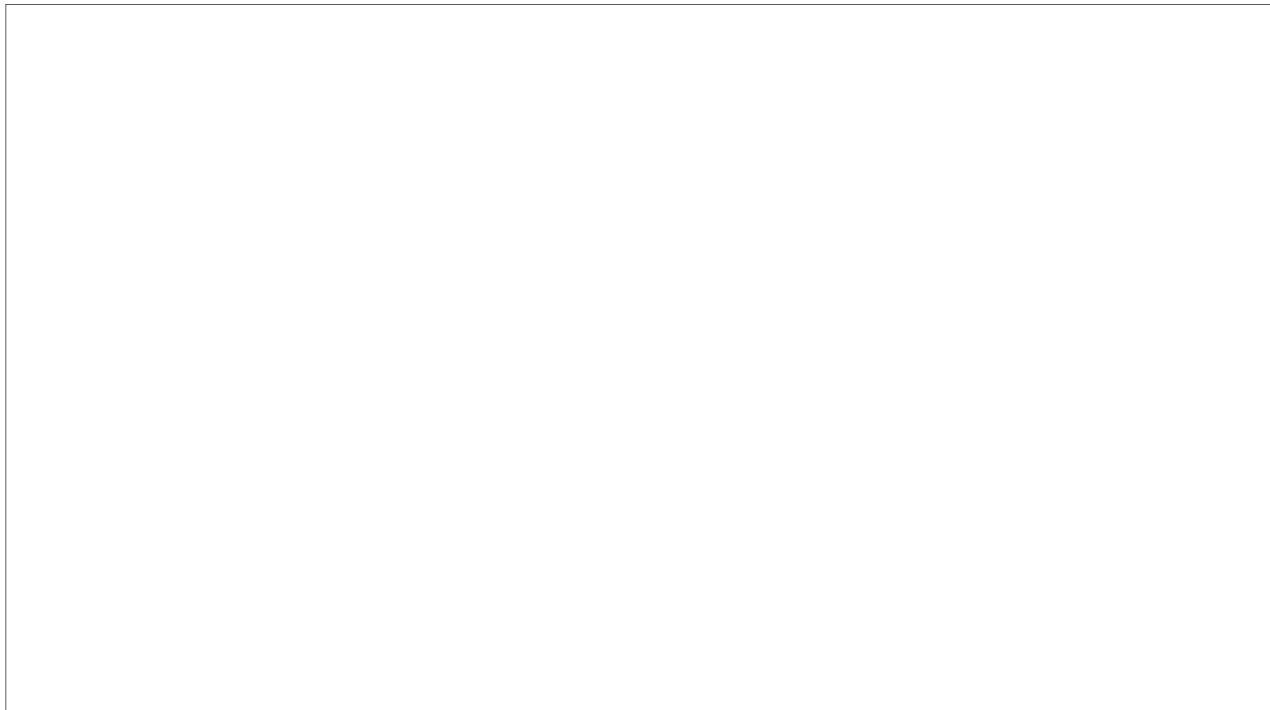
~~Top Secret~~**VIETNAM: Sweeping Leadership Changes**

Seven members of Vietnam's Politburo were removed, eight new ones were added, and Premier Do Muoi was officially named general secretary as the Seventh Party Congress concluded yesterday. Foreign Minister Thach lost his Politburo position and announced that he would resign as Foreign Minister but said he would remain a senior adviser to the Ministry, according to press reports. Outgoing General Secretary Nguyen Van Linh and President Vo Chi Cong will become senior advisers to the Central Committee. Key government positions—including a new president and premier and the new defense, foreign, and interior ministers—will be announced at the National Assembly session set for next month.

Comment: The new Politburo members are younger than their predecessors and represent a better geographic balance between the north and the south. They also appear evenly divided between those who support rapid economic reform and those who argue that caution is necessary to avoid repeating the mistakes made in Eastern Europe and the USSR. As a result, the new appointments may extend the leadership deadlock that has plagued the party. The new rankings indicate that Le Duc Anh, now Defense Minister and known for his cautious approach to reform and for his outspokenness on protecting military equities, probably will become president and head of state and that planning chief Vo Van Kiet, who favors faster economic change, will become premier.

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